

Mulvihill Structured Products



Mulvihill

Hybrid Income Funds

Semi-Annual Report 2002



Mulvihill Pro-AMS U.S. Fund

*Pro-AMS U.S. Trust*

### Notice To Unitholders

#### Change of Record Date for Regular Distributions

The Fund is hereby providing notice to unitholders that it intends to change the record date for its regular distributions to unitholders. Regular distributions will now be payable to unitholders of record on the fifteenth (15th) day of each month (or on the first business day thereafter if the 15th day is not a business day) and will continue to be paid on or about the last business day of each month.

The Fund's Manager, Mulvihill Fund Services Inc., will amend the trust agreement governing the Fund in order to make this change. This amendment will be effective on or about September 13, 2002. As a result the October 31, 2002 distribution, when declared, will be payable to unitholders of record as of October 15, 2002.

As of June 30, 2002, the net assets of the Fund were \$414.3 million, or \$19.83 per unit, a decline from \$489.7 million, or \$21.46 per unit, at the end of 2001.

Distributions totalling \$20.8 million, or \$0.9167 per unit, were made to unitholders during the first half of the year. These distributions were non-taxable, as tax losses generated during this period offset income earned to pay distributions.

Due to the sharp decline in equity markets and reduced volatility, the Fund's distribution target was reduced from 9% to 4%, effective in May 2002. Management fees were also voluntarily reduced accordingly. This adjustment will provide increased flexibility in managing the Fund's portfolio going forward and will improve the funds ability to meet its investment objectives.

The pronounced drop in U.S. equity markets and the growing weakness of the U.S. dollar both contributed to the decline in the Fund's net asset value. The U.S. economy is showing signs of recovery, but equity markets are still weakening, with all major indices showing negative returns for the first half of this year. Investor confidence has been severely shaken by a series of corporate scandals involving flawed accounting and negligent governance. Diminishing demand for U.S. assets among foreign investors is also undermining the U.S. dollar. Market volatility increased sharply towards the end of the second quarter, and this condition is continuing. The Fund benefits from higher volatility levels, because this facilitates higher amounts of premium income earned from option writing.

The Fund's portfolio is presently well diversified, and is continuing to generate significant premium income through active option writing programs.

We would like to take this opportunity to thank the Fund's unitholders for their continuing support.

*August 2002*

# Mulvihill Pro-AMS U.S. Fund

## Financial Statements

### Interim Statements of Net Assets

	June 30, 2002 (Unaudited)	December 31, 2001 (Audited)
<b>Assets</b>		
Investments at market value (average cost - \$400,393,231; 2001 - \$449,690,912)	\$ 405,901,434	\$ 460,745,789
Short-term investments (average cost - \$21,136,967; 2001 - \$29,757,092)	21,033,381	30,159,511
Cash	177,366	151,289
Interest receivable	28,140	35,390
Dividends receivable	48,808	32,377
Due from broker	1,552,014	-
	<b>428,741,143</b>	<b>491,124,356</b>
<b>Liabilities</b>		
Accrued liabilities	1,053,209	1,387,010
Redemptions payable	13,403,666	-
Due to broker	1,751	-
	<b>14,458,626</b>	<b>1,387,010</b>
<b>Net Assets, Represented by Unitholders' Equity</b>	<b>\$ 414,282,517</b>	<b>\$ 489,737,346</b>
<b>Number of Units Outstanding</b>	<b>20,890,313</b>	<b>22,820,753</b>
<b>Net Asset Value per Unit</b>	<b>\$ 19.8313</b>	<b>\$ 21.4602</b>

Financial Statements

Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2002	2001
<b>Revenue</b>		
Dividends	\$ 447,926	\$ 688,162
Interest, net of foreign exchange	179,440	1,802,922
Withholding tax	(63,549)	(92,028)
	<b>563,817</b>	<b>2,399,056</b>
<b>Expenses</b>		
Management fees	2,512,222	3,187,337
Forward Agreement fee	1,505,204	1,648,899
Custodian and other fees	190,577	404,274
Goods and services tax	189,196	251,413
	<b>4,397,199</b>	<b>5,491,923</b>
<b>Net Investment Loss</b>	<b>(3,833,382)</b>	<b>(3,092,867)</b>
Gain (Loss) on Sale of Investments and Options	(7,844,854)	43,163,328
Change in Unrealized Appreciation of Investments and Foreign Currency	(6,053,917)	(46,488,002)
<b>Net Loss on Investments</b>	<b>(13,898,771)</b>	<b>(3,324,674)</b>
<b>Total Results of Financial Operations</b>	<b>\$ (17,732,153)</b>	<b>\$ (6,417,541)</b>
<b>Net Investment Loss per Unit</b>	<b>\$ (0.1722)</b>	<b>\$ (0.1355)</b>
<b>Net Loss on Investments per Unit</b>	<b>(0.6242)</b>	<b>(0.1457)</b>
<b>Total Results of Financial Operations per Unit</b>	<b>\$ (0.7964)</b>	<b>\$ (0.2812)</b>
(based on the weighted average number of units outstanding during the period of 22,266,102; 2001 - 22,820,753)		

# Mulvihill Pro-AMS U.S. Fund

## Financial Statements

### Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2002	2001
<b>Net Assets, Beginning of Period</b>	<b>\$ 489,737,346</b>	<b>\$ 525,410,144</b>
<b>Total Results of Financial Operations</b>	<b>(17,732,153)</b>	<b>(6,417,541)</b>
<b>Unit Transactions</b>		
Amount paid for units redeemed	(36,920,255)	–
<b>Distributions to Unitholders</b>		
From net realized gain on sale of investments and options	–	(25,673,347)
Non-taxable distribution	(20,802,421)	–
	<b>(20,802,421)</b>	<b>(25,673,347)</b>
<b>Changes in Net Assets During the Period</b>	<b>(75,454,829)</b>	<b>(32,090,888)</b>
<b>Net Assets, End of Period</b>	<b>\$ 414,282,517</b>	<b>\$ 493,319,256</b>
<b>Net Asset Value per Unit</b>	<b>\$ 19.8313</b>	<b>\$ 21.6171</b>
<b>Distribution per Unit</b>		
From net realized gain on sale of investments and options	\$ –	\$ 1.1250
Non-taxable distribution	0.9167	–
	<b>\$ 0.9167</b>	<b>\$ 1.1250</b>

Financial Statements

Statement of Investments

June 30, 2002 (Unaudited)

	NO. OF SHARES	AVERAGE COST	MARKET VALUE
<b>Short-term Investments</b>			
<b>Treasury Bills</b>			
Government of Canada, USD - August 7, 2002	550,000	\$ 840,933	\$ 834,180
Government of Canada, USD - August 28, 2002	250,000	377,409	379,156
Government of Canada - August 29, 2002	120,000	119,313	119,313
Government of Canada, USD - September 5, 2002	250,000	380,266	378,666
Government of Canada - September 12, 2002	10,620,000	10,552,198	10,552,198
<b>Total Treasury Bills</b>		<b>12,270,119</b>	<b>12,263,513</b>
<b>Discount Commercial Paper</b>			
Province of British Columbia, USD - September 5, 2002	350,000	536,620	530,279
Canadian Wheat Board, USD - August 8, 2002	100,000	156,499	151,420
Canadian Wheat Board, USD - September 17, 2002	90,000	136,048	136,334
Export Development Corp., USD - September 26, 2002	300,000	454,373	454,373
Province of Ontario, USD - August 19, 2002	350,000	537,846	529,895
Province of British Columbia, USD - August 14, 2002	4,200,000	6,434,727	6,361,035
Province of Ontario, USD - August 22, 2002	400,000	610,735	606,532
<b>Total Discount Commercial Paper</b>		<b>8,866,848</b>	<b>8,769,868</b>
		<b>21,136,967</b>	<b>21,033,381</b>
Accrued Interest		-	28,140
<b>Total Short-term Investments</b>		<b>\$21,136,967</b>	<b>\$21,061,521</b>
<b>Investments - Managed Portfolio</b>			
<b>Canadian Common Shares</b>			
<b>Information Technology</b>			
Nortel Networks Corporation, USD	252,000	\$ 3,657,708	\$ 555,733
<b>Materials</b>			
Alcan Inc.	32,500	1,978,804	1,854,573
Barrick Gold Corporation	30,000	930,419	866,451
<b>Total Materials</b>		<b>2,909,223</b>	<b>2,721,024</b>
<b>Total Canadian Common Shares</b>		<b>\$ 6,566,931</b>	<b>\$ 3,276,757</b>

# Mulvihill Pro-AMS U.S. Fund

## Financial Statements

### Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NO. OF SHARES	AVERAGE COST	MARKET VALUE
<b>Investments - Managed Portfolio (continued)</b>			
<b>United States Common Shares</b>			
<b>Consumer Discretionary</b>			
AOL Time Warner Inc.	68,500	\$ 5,511,086	\$ 1,532,501
Best Buy Co., Inc.	30,000	2,523,359	1,656,249
Staples Inc.	71,000	2,315,023	2,127,268
Target Corporation	50,000	3,462,547	2,897,294
The Home Depot Inc.	40,000	3,093,698	2,234,491
<b>Total Consumer Discretionary</b>		<b>16,905,713</b>	<b>10,447,803</b>
<b>Consumer Staples</b>			
CVS Corporation	52,000	3,477,729	2,420,039
<b>Energy</b>			
Apache Corporation	47,000	3,888,346	4,108,774
Baker Hughes Incorporated	45,000	2,561,163	2,278,368
<b>Total Energy</b>		<b>6,449,509</b>	<b>6,387,142</b>
<b>Financials</b>			
Citigroup Inc.	55,000	4,441,548	3,241,396
Household International Inc.	30,000	2,914,924	2,267,646
J.P. Morgan Chase & Co.	64,000	4,698,217	3,301,668
Merrill Lynch & Co.	44,000	4,555,808	2,710,225
U.S. Bancorp	69,000	2,597,443	2,450,381
<b>Total Financials</b>		<b>19,207,940</b>	<b>13,971,316</b>
<b>Health Care</b>			
AmerisourceBergen Corporation	16,000	1,855,370	1,849,402
Guidant Corporation	40,000	2,981,318	1,839,059
MedImmune Inc.	50,000	3,682,533	2,007,574
Pharmacia Corporation	39,000	3,521,647	2,221,335
<b>Total Health Care</b>		<b>12,040,868</b>	<b>7,917,370</b>
<b>Industrials</b>			
Cendant Corporation	100,000	2,997,311	2,415,172
General Electric Company	58,000	4,609,370	2,562,547
Honeywell International Inc.	33,000	1,921,317	1,768,171
<b>Total Industrials</b>		<b>9,527,998</b>	<b>6,745,890</b>
<b>Information Technology</b>			
Applied Materials Inc.	65,000	2,367,710	1,880,276
Cisco Systems Inc.	72,500	2,214,730	1,538,190
Intel Corporation	57,000	2,921,791	1,583,839
Microsoft Corporation	30,000	3,227,399	2,469,316
Motorola Inc.	82,000	3,066,781	1,798,360
Solectron Corporation	115,000	5,303,501	1,075,649
Texas Instruments Inc.	52,500	3,536,307	1,892,367
VERITAS Software Corp.	36,000	2,576,731	1,083,542
<b>Total Information Technology</b>		<b>25,214,950</b>	<b>13,321,539</b>



# Mulvihill Pro-AMS U.S. Fund

## Financial Statements

### Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NO. OF SHARES	AVERAGE COST	MARKET VALUE
<b>Investments - Managed Portfolio (continued)</b>			
<b>United States Common Shares (continued)</b>			
<b>Telecommunication Services</b>			
Nextel Communications, Inc.	165,000	2,586,944	805,539
<b>Total United States Common Shares</b>		<b>\$ 95,411,651</b>	<b>\$ 62,016,638</b>

	NUMBER OF CONTRACTS	PROCEEDS	MARKET VALUE
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### Options

#### Written Covered Call Options (100 shares per contract)

Alcan Inc. - July 2002 @ \$38	(325)	\$ (47,689)	\$ (14,858)
AmerisourceBergen Corporation - July 2002 @ \$76	(160)	(61,862)	(42,110)
AOL Time Warner Inc. - July 2002 @ \$16	(342)	(43,618)	(8,205)
AOL Time Warner Inc. - July 2002 @ \$17	(343)	(43,277)	(2,803)
Apache Corporation - July 2002 @ \$55	(470)	(96,053)	(228,556)
Applied Materials Inc. - July 2002 @ \$21	(450)	(87,623)	(13,537)
Baker Hughes Incorporated - July 2002 @ \$35	(300)	(47,908)	(41,771)
Barrick Gold Corporation - July 2002 @ \$20	(300)	(44,305)	(20,245)
Best Buy Co., Inc. - July 2002 @ \$39	(225)	(49,240)	(39,161)
Cendant Corporation - July 2002 @ \$16	(1,000)	(65,352)	(138,401)
Cisco Systems Inc. - July 2002 @ \$16	(500)	(55,317)	(464)
Citigroup Inc. - July 2002 @ \$38	(275)	(53,079)	(101,243)
Citigroup Inc. - July 2002 @ \$39	(175)	(36,260)	(45,779)
CVS Corporation - July 2002 @ \$32	(520)	(58,450)	(34,751)
General Electric Company - July 2002 @ \$30	(460)	(84,653)	(62,440)
Guidant Corporation - July 2002 @ \$33	(200)	(60,167)	(22,113)
Guidant Corporation - July 2002 @ \$39	(200)	(41,881)	-
The Home Depot Inc. - July 2002 @ \$38	(400)	(76,655)	(54,144)
Honeywell International Inc. - July 2002 @ \$37	(330)	(58,698)	(17,250)
Household International Inc. - July 2002 @ \$53	(300)	(80,493)	(12,616)
Intel Corporation - July 2002 @ \$22	(285)	(52,150)	(3,515)
J.P. Morgan Chase & Co. - July 2002 @ \$33	(320)	(54,580)	(71,387)
J.P. Morgan Chase & Co. - July 2002 @ \$35	(320)	(52,675)	(31,148)
MedImmune Inc. - July 2002 @ \$32	(500)	(132,845)	(28,661)
Merrill Lynch & Co. - July 2002 @ \$40	(190)	(37,412)	(53,589)
Merrill Lynch & Co. - July 2002 @ \$41	(250)	(50,797)	(49,475)
Microsoft Corporation - July 2002 @ \$56	(300)	(114,195)	(90,031)
Motorola Inc. - July 2002 @ \$17	(820)	(101,503)	(9,769)
Nextel Communications, Inc. - July 2002 @ \$4	(1,650)	(98,957)	(5,134)
Nortel Networks Corporation - July 2002 @ \$2	(2,520)	(72,315)	(19,201)
Pharmacia Corporation - July 2002 @ \$41	(390)	(62,592)	(214)
Soletron Corporation - July 2002 @ \$8	(750)	(44,700)	-
Staples Inc. - July 2002 @ \$20	(710)	(69,669)	(36,333)
Target Corporation - July 2002 @ \$40	(500)	(76,935)	(23,817)

# Mulvihill Pro-AMS U.S. Fund

## Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NUMBER OF CONTRACTS	PROCEEDS	MARKET VALUE
<b>Investments - Managed Portfolio (continued)</b>			
<b>Options (continued)</b>			
<b>Written Covered Call Options (100 shares per contract) (continued)</b>			
Texas Instruments Inc. - July 2002 @ \$26	(300)	(56,577)	(34,517)
U.S. Bancorp - July 2002 @ \$23	(690)	(47,569)	(51,421)
VERITAS Software Corp. - July 2002 @ \$24	(240)	(69,085)	(17,780)
<b>Total Written Covered Call Options</b>		<b>\$ (2,387,136)</b>	<b>\$ (1,426,439)</b>
<b>Total Investments - Managed Portfolio</b>		<b>\$ 99,591,446</b>	<b>\$ 63,866,956</b>
	NO. OF SHARES	AVERAGE COST	MARKET VALUE
<b>Investments - Fixed Portfolio</b>			
<b>Canadian Common Shares</b>			
<b>Energy</b>			
Precision Drilling Corporation	171,358	\$ 8,627,875	\$ 9,015,144
<b>Health Care</b>			
QLT Inc.	368,858	10,018,183	7,229,617
<b>Industrials</b>			
Ballard Power Systems Inc.	423,419	39,843,728	10,492,323
<b>Information Technology</b>			
ATI Technologies Inc.	3,016,100	37,852,055	31,729,372
Celestica Inc.	513,363	45,047,603	17,572,415
Cognos Inc.	1,902,121	41,409,174	63,530,841
Nortel Networks Corporation	2,914,219	42,299,050	6,411,282
Zarlink Semiconductors Inc.	1,255,458	37,852,059	9,177,398
<b>Total Information Technology</b>		<b>204,459,941</b>	<b>128,421,308</b>
<b>Materials</b>			
Inco Limited	1,505,052	37,852,058	51,397,526
<b>Total Canadian Common Shares</b>		<b>\$300,801,785</b>	<b>\$206,555,918</b>
<b>Total Investments - Fixed Portfolio</b>		<b>\$300,801,785</b>	<b>\$206,555,918</b>
<b>Forward Agreement</b>			<b>135,478,560</b>
<b>Total Investments</b>		<b>\$400,393,231</b>	<b>\$405,901,434</b>
<b>Short-term Investments</b>			<b>21,033,381</b>
<b>Other Assets Less Liabilities</b>			<b>(12,652,298)</b>
<b>Net Assets</b>			<b>\$414,282,517</b>

Notes to the Financial Statements

June 30, 2002 (Unaudited)

**1. Basis of Presentation**

These interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2001 as not all disclosures required by Canadian generally accepted accounting principles for annual financial statements have been presented.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended December 31, 2001.

**2. Normal Course Issuer Bid**

The Toronto Stock Exchange recently accepted a Notice of Intention to make a normal course issuer bid filed by Mulvihill Pro-AMS U.S. Fund (the "Fund"). Under the terms of the normal course issuer bid, the Fund proposes to purchase, if considered advisable, up to a maximum of 2,158,330 units, 10% of its public float as determined in accordance with the rules of the Exchange. The purchases, which may commence on June 26, 2002, would be made in the open market through the facilities of the Exchange. The normal course issued bid will remain in effect until the earlier of June 25, 2003 or until the Fund has purchased the maximum number of units permitted under the bid. As at June 30, 2002, no units have been purchased by the Fund.

Unitholders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge, by writing to: Mulvihill Pro-AMS U.S. Fund at 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

**3. Comparative Figures**

Certain comparative figures have been reclassified to conform with the current presentation.

**Statement of Portfolio Transactions**

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A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Pro-AMS U.S. Fund for the period ended June 30, 2002 may be obtained without charge by writing to:

Mulvihill Pro-AMS U.S. Fund  
Investor Relations  
121 King Street West, Suite 2600  
Toronto, Ontario M5H 3T9

Visit our website at [www.mulvihill.com](http://www.mulvihill.com)  
for additional information on all  
Mulvihill Hybrid Income Funds.

**Other Hybrid Income Funds Managed  
by Mulvihill Structured Products**

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**Mulvihill Premium Funds**

Mulvihill Premium *Canadian Fund*  
Mulvihill Premium *U.S. Fund*  
Mulvihill Premium *Oil & Gas Fund*  
Mulvihill Premium *60 Plus Fund*  
Mulvihill Premium *Global Plus Fund*  
Mulvihill Premium *Canadian Bank Fund*  
Mulvihill Premium *Global Telecom Fund*  
Mulvihill Premium *Split Share Fund*

**Mulvihill Summit Fund**

Mulvihill Summit *Digital World Fund*

**Mulvihill Platinum Funds**

Mulvihill Pro-AMS *RSP Fund*  
Mulvihill Pro-AMS *100 Plus (Cdn \$) Fund*  
Mulvihill Pro-AMS *100 Plus (U.S. \$) Fund*  
Mulvihill Pro-AMS *RSP Split Share Fund*

**Mutual Funds Managed by  
Mulvihill Capital Management**

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Mulvihill Canadian *Money Market Fund*  
Mulvihill Canadian *Bond Fund*  
Mulvihill Canadian *Equity Fund*  
Mulvihill Global *Equity Fund*  
Mulvihill U.S. *Equity Fund*  
Premium Canadian *Income Fund*  
Premium Global *Income Fund*

**Head Office:**

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Notes





**Mulvihill**

**Mulvihill Structured Products**

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